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ABSTRACT

The relationship of the state coordinating agency with the governor, the general assembly, and higher education institutions is addressed in relation to meeting budget needs for colleges and universities. Specific reference is also made to the state of Arkansas. It is suggested that the state coordinating agency should be in the position to be objective about the needs of the institutions of higher education as they relate to specific needs of the state. The agency and the board then must play the role of interpreting these to members of the general assembly and to the governor. The following principles are suggested when a state creates a coordinating agency in order to allow this agency to perform its functions adequately: (1) the staff of the coordinating agency should have a general background in higher education and should be capable of making objective decisions; (2) the staff of the agency as well as the supervisory board should have the ability to communicate educational needs and information to the governor and general assembly in terms that they can understand, and they should be able to assist in translating these needs in terms of the various other state agencies; (3) the coordinating agency should be free to look at the needs of the state without political interference from any of the various agencies of the state; (4) the budgets of higher education should be expressed in a manner that is acceptable to the governor and general assembly; (5) the budgeting process for institutions of higher education should be somewhat consistent with the budgeting for other agencies of the state government but should allow for unique differences; and (6) when budgeting for higher education is considered, competition with a particular region of the country should be avoided and allocating a continuing percentage of general revenues for education is not adivsable. (SW)

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IMPLICATIONS FOR THE STATES REGARDING THE RELATIONSHIP OF THE STATE COORDINATING AGENCY WITH THE EXECUTIVE AND LEGISLATIVE DIVISION OF STATE GOVERNMENT IN MEETING BUDGET NEEDS FOR HIGHER EDUCATION SYSTEMS

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SHEEO

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IMPLICATIONS FOR THE STATES REGARDING THE RELATIONSHIP OF THE STATE COORDINATING AGENCY WITH THE EXECUTIVE AND LEGISLATIVE DIVISION OF STATE GOVERNMENT IN MEETING BUDGET NEEDS FOR HIGHER EDUCATION SYSTEMS

There are three major parties which usually have three different ideas about the role of the state coordinating agency in the budgeting process for institutions of higher education. These three agencies include the governor, the general assembly and the institutions of higher education themselves. The institutions of higher education generally see the coordinating agency along with its state board in a position to represent the colleges and universities with the governor and the general assembly. Their expectations are centered on seeing the coordinating agency as an advocate for the institutions. The governor's office may differ from state to state and from governor to governor within a state. In some cases the governor may see this agency as a direct representative of his office, and in the case of Arkansas the director of this department serves at the pleasure of the governor and is a member of his cabinet. In this case he is cast in the role of directly representing the governor on many matters. Even though this is true it is not always the case that a person in this position would represent the governor in total. Since the agency was created by the general assembly, many members of the general assembly see the director of the department and the state board representing the interest of the general assembly.

After six years of experience as the Director of the Department of Higher Education in Arkansas, one thing that I have learned is that none of the three situations outlined above can be the case if the state board and its staff is to be effective. The state coordinating agency should be in the position to be objective about the needs of the institutions of higher education as they relate to specific needs of the state. The agency and the board then must play the role of interpreting these to members of the general assembly and to the governor. If the agency is directly related to any one of the three agencies in a manner that its hands are tied, then it becomes impossible to be objective as it presents its recommendations of the institutions to the governor and the general assembly. The following principles should be kept in mind when a state creates a coordinating agency in order to allow this agency to perform its functions adequately.

1. The staff of the coordinating agency should have a general background in higher education and should be capable of making objective decisions based upon valid information about one institution's needs as well as the needs of total higher education within the state.
2. The staff of the agency as well as the supervisory board should have the ability to communicate educational needs and information to the governor and general assembly in terms that they could understand. They should be able to assist in translating these needs in terms of the various other state agencies.
3. The coordinating agency should be free to look at the needs of the state without political interference from any of the various agencies of the

state in order that the governor and the general assembly could have information in terms of needs rather than from strictly political influence.

4. The budgets of higher education should be expressed in a manner which is acceptable to the governor and general assembly. In order that educational needs could be reflected in the budget process the involvement of institutional personnel is imperative.

5. The budgeting process for institutions of higher education should be somewhat consistent with the budgeting for other agencies of the state government but should allow for unique differences and needs which might exist in higher education that might not be common to other agencies of state government.

6. When budgeting for higher education is considered there are two extremes which might lead one down the wrong path. The first direction in which a state agency might go would be that of looking at the needs of higher education in terms of becoming more competitive with a particular region of the country or of the national picture. In almost every instance this kind of look at budgeting needs would lead to requests which would exceed available general revenues for higher education. The second extreme would be that of looking at a continuing percentage of general revenues for education. This has been very typical in the state of Arkansas for a number of years in terms of the way that a majority of people would like to budget for higher education as well as other segments of state government. This approach is not

what is needed by the state also because it means that higher education probably will not be able to improve its present situation, especially when there is very little increase in general revenues as has been anticipated for the next few years.

I am suggesting that the coordinating agency should attempt to not only look at the needs of the state in their budgeting process but also should keep in mind available general revenues. There could be some attempt for the coordinating agency to project needs for additional taxes, but I do not consider this a task of the coordinating agency for higher education. If it is felt that the needs in higher education could be justified to the point that the percentage of general revenue should be increased for higher education, then obviously this would leave the governor and the general assembly to decide whether higher education should receive general revenues from other sources. The taxing situation should be left with the politicians and not with the coordinating agency.

We have heard this morning a presentation on program budgeting on Oklahoma. Certainly, this is one approach which has evidently worked quite well and you will find similar situations have been tried in other states. The problem in Arkansas is that the general assembly and the governor have insisted upon a number of different types of budgets during the one budget cycle which leaves very little time other than the time that is required to prepare the various types of budgets. For example, during this biennium we have gone through the regular appropriations process with institutions which involves formulas and in addition to that, late in the game a priority

budget was established which is not being used a great deal because of the late date in which it was received by the coordinating body and by the general assembly. I would hope that during the next year and a half that those of us in Arkansas involved in a higher education budgeting process can work with the legislative body and the governor's office to develop a budget procedure which will serve all elements involved more effectively.

Relative to the program budgeting presentation heard earlier today it is hoped that in my state we can address this kind of situation in more detail than we have in the past. I feel that a coordinating agency does have the responsibility to attempt in every way to measure outputs in higher education, but in the process I would hope we would never come to the point where we would think that all output in the area of education can be measured totally by numbers. We must keep in mind that as we deal with governors and members of the general assembly that we should be able to take a measurement of output and translate it into language which can be easily understood by the general public. This is imperative if higher education is to overcome the kind of image it has gained over the past few years.

Perhaps the work that has been done by the Education Commission of the States and by such people as Dr. Ben Lawrence should receive more attention at the national level. This would indicate in many of the states that rather than repeating the same process fifty times that these organizations could give to state coordinating and governing boards more direction in the measurement of educational output. I realize that this is not a simple task

and, certainly, as we have worked with this task in Arkansas it is felt that we have a long way to go. If we are going to be successful in changing budget formats and the budget process in various states in the way that they should be changed, then members of the general assemblies and governors as well as institutions of higher education must come to a point where data provided will receive maximum benefit, therefore, reducing the amount of time spent in the budgeting process. I feel that presently in our state far too much is spent in developing masses of detail which could not possibly be used by members of the Budget Review Committee of the General Assembly or personnel in the governor's office. Perhaps this area has something to say to SHEEO about future efforts of this organization.